

NATIONAL CREDIT UNION ADMINISTRATION

NCUA News

Johnson testifies before Senate Banking Committee

BSA compliance salient part of NCUA exam

In her first Capitol Hill appearance as chairman, JoAnn Johnson testified June 3 that NCUA's examination program emphasizes *Bank Secrecy Act* (BSA) compliance during a Senate Banking, Housing and Urban Affairs Committee hearing on BSA compliance.

Detailing NCUA requirements, Johnson told committee members federally insured credit unions are required to have BSA compliance programs that effectively monitor their daily operations to ensure compliance with all applicable rules and regulations. NCUA's risk-focused examination program requires a BSA compliance review during each examination, and NCUA's extensive examiner education program emphasizes credit unions

important role in preventing both laundering money and financing terrorism. All (approximately 600) NCUA examiners receive BSA compliance training and state examiners also attend NCUA compliance training sessions. Plus, the *NCUA Examiner's Guide* provides a section pertaining to BSA compliance.

In addition to the examination program and examiner education, NCUA has issued eight *Letters to Credit Unions* and *Regulatory Alerts* to educate federally insured credit unions on BSA and *USA Patriot Act* compliance in the past few years, and currently the agency is updating its *Compliance Self-Assessment Guide*, which highlights key BSA requirements.

Johnson said that NCUA is committed to maintaining a dynamic

June/July 2004 Number 4

HIGHLIGHTS

News briefs	2
GC opinion letters	2
Board actions	3
Conversations with America	4
PALS workshops	5
Hogue is Region V ARDO	6
Overdraft protection guidance	6
CU imposters apprehended	7
Access Across America	8

examination program that will assure federally insured credit unions have effective programs in place to minimize risk, and NCUA will continue to provide guidance to federally insured credit unions regarding BSA compliance.

Johnson recommends additional regulatory relief

Testifying June 22 before the Senate Banking, Housing and Urban Affairs Committee hearing on regulatory relief, Chairman Johnson reiterated regulatory relief recommendations shared with legislators as well as new and time-sensitive issues.

Her testimony began with a recommendation to include a statutory change to redefine net worth for prompt corrective action purposes as equity rather than retained earnings in light of a proposed change by FASB (Financial Accounting Standards Board) to accounting standards that will adversely affect credit union net worth following a merger.



June 22, 2004, Washington, D.C. — Before opening the session, Senator Mike Crapo (R-ID) welcomes Chairman JoAnn Johnson to the Senate Banking, Housing and Urban Affairs Committee hearing on Consideration of Regulatory Reform Proposals. Senator Crapo is the lead Senator pursuing regulatory relief for financial institutions.

continued on page 7

News briefs

NCUSIF equity ratio — The National Credit Union Share Insurance Fund (NCUSIF) equity level was 1.29 percent May 30, 2004, based on December 31, 2003, insured shares of \$478.5 billion.

NCUSIF reserves — NCUSIF reserves have reached \$87.6 million, with \$4 million added during May.

Deputy GC named — NCUA Deputy Executive Director Michael J. McKenna has been selected to become deputy general counsel effective December 1, 2004. With the departure of James J. Engel, Special Counsel Hattie M. Ulan will be deputy general counsel from July 6 through December 1.



April 29, 2004, Alexandria, Va. — Designated Chairman JoAnn Johnson presents a gold medal for distinguished service to Dennis Dollar at his farewell reception.

NATIONAL CREDIT UNION ADMINISTRATION NCUA News

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures credit unions.

JoAnn Johnson, Chairman
Deborah Matz, Board Member

Information about NCUA and its services may be secured by contacting the Office of Public and Congressional Affairs, at 703-518-6330.

Cherie Umbel, *Editor*
Barbara Walker, *Graphics*

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

GC opinion letters

The NCUA Office of General Counsel issues opinion letters interpreting agency regulations and policies in response to questions submitted. Summaries of a few recent opinion letters follow. Access all GC opinion letters on the NCUA website www.ncua.gov/ref/opinion_letters/opinion_letters.html

04-0139 — No-interest loans to nonprofit community organizations — A federal credit union of sufficient size and in good financial condition may provide a no-interest loan to a nonprofit corporation that administers a community home loan program under NCUA rule, §721.2, which provides inci-

dental powers authority to make charitable contributions.

02-0737 — FCU board loan approval authority — The *Federal Credit Union Act* provides specific authority for the board to act on various types of loans.

Consistent with the act, an FCU can restructure its lending processes in various ways to increase its board's involvement. An FCU that provides an expanded role for its board in the lending process must ensure that the authority of all persons involved in lending, including the board or a committee of board members, is described in those policies and that the FCU maintains a proper segregation of duties.

CUs can boost participation in SBA loans

NCUA plans to allow credit unions to participate more fully in the Small Business Administration (SBA) guaranteed loan programs when the proposed MBL rule issued at the June NCUA Board meeting is finalized. (See June Board Actions).

Chairman JoAnn Johnson and Board Member Debbie Matz said that NCUA intends to amend its member business loan rule to enable credit unions to make construction and development loans under safety and soundness standards established by SBA. The change will allow federally insured credit unions to follow the less restrictive loan requirements of the relevant SBA guaranteed loan program and provide state-chartered credit unions with the necessary authority under state law.

Last year, credit unions became eligible for SBA loan programs, including the popular Section 7(a) loan program. But, NCUA's restrictive regulations had to be changed and coordinated with SBA to make this expansion workable.

Treasury Secretary John Snow earlier this year praised the role that credit unions play in helping small businesses get started and flourish.

SBA E-Tran introduced

The Small Business Administration (SBA) introduced E-Tran in May, a new Web-based loan application designed to save participating lenders substantial time and resources when submitting single or multiple loan applications to the SBA.

Credit union service providers can obtain the SBA software needed to submit loans directly to the SBA and credit unions can submit electronic application submissions via several channels, including:

- A Web page where lenders can enter loan information for single loans;
- A secure Web site capable of accepting multiple applications simultaneously via an XML (Extensible Markup Language) file transfer; and
- Working with software intermediaries that have E-Tran loan submission functionality built into their program.

Find details on the SBA website www.sba.gov/news/.

Board actions **June 24, 2004**

Proposal would clarify notification requirements

The NCUA Board issued a proposed rule, with a 60-day comment period, to clarify Section 701.24 which requires new or troubled federally insured credit unions to file a notice with NCUA before adding or replacing a board or committee member or before employing or changing the duties of a senior executive officer.

To eliminate potential confusion, the proposed amendments clarify the relationship between the prior notice and the commencement of service provisions. In addition, the rule is being reorganized to ease comprehension.

Less restrictive member business loan proposal issued

The NCUA Board issued a proposal, with a 60-day comment period, to amend Part 723, the member business loan (MBL) rule, to enable credit unions to participate more fully in SBA (Small Business Administration) guaranteed loan programs.

To accommodate additional SBA loan participation, the proposed amendments would permit federally insured credit unions to follow the less restrictive collateral and security requirements of the relevant SBA guaranteed loan program, with the proviso that state-chartered credit unions have the necessary authority under state law as determined by their state supervisory authority.

Based on recommendations made during last year's MBL rule revision, NCUA reviewed applicable SBA loan programs and determined they provide reasonable criteria for credit union participation and compliance within the bounds of safety and soundness. What's more, these SBA programs are ideally suited to the mission of many credit unions to satisfy their members' business loan requirements. (See SBA article on pg 2.)

Proposal issued to implement FACT Act requirements

The NCUA Board is joining fellow financial institution regulators in issuing a proposed rule, with a 30-day comment period, that would implement the affiliate marketing provisions within the *Fair and Accurate Credit Transactions (FACT) Act of 2003*.

The proposed regulations generally prohibit the use of information received from an affiliate to solicit a consumer for marketing purposes, unless the consumer is given notice as well as the opportunity and a simple method to opt out of such solicitations.

CMO investment rule modifications finalized

The NCUA Board adopted final Part 703 and 704 investment rule changes permitting federal credit unions and corporate credit unions to invest in exchangeable collateralized mortgage obligations (CMOs) representing interests in one or more stripped mortgage back securities (SMBs) subject to specific safety and soundness limitations. The rule also authorizes federal and corporate credit unions to accept exchangeable CMOs as assets in a repurchase transaction or as collateral in a securities lending transaction regardless of whether the CMO contains SMBs. And finally, the rule contains various technical corrections and clarifying amendments to Parts 703 and 704.

Charter conversion request

The NCUA Board approved the request of \$513 million US Federal Credit Union, Burnsville, Minnesota, to convert to a community charter able to serve the people who live, work, worship, attend school, businesses and other legal entities located in the Minnesota counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Board actions **May 20, 2004**

Proposal would permit FCUs to serve as trustees for health savings accounts

The NCUA Board issued proposed amendments to Parts 721 and 724 to enable federal credit unions to serve as a trustee or custodian for member-established health savings accounts (HSAs). The proposed rule would implement authority contained in the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*, which was signed into law last December by President Bush.

Anyone with a qualified deductible health plan may establish an HSA. To qualify, a health plan must have at least a \$1000 deduction for individual coverage and a \$2000 deduction for family coverage.

Annual contributions to an HSA for tax year 2004 may not exceed the lesser of the deductible amount or \$2,600 for individual coverage or \$5,150 for family coverage. Contributions to an HSA are tax deductible whether or not the taxpayer itemizes other deductions. Income earned on funds in an HSA accrues tax-free, and withdrawals for qualified medical expenses are not taxable. Unused HSA funds may be rolled over and accumulated from year to year, and the account is portable.

After retirement, but before eligibility for Medicare, an account owner may use funds in this account to purchase health insurance, including long-term care insurance. A balance remaining in an HSA when the owner reaches age 65 may be used for any purpose. Upon the death of the account owner, account funds may transfer tax-free to a spouse. Additional information on HSAs is available on the U.S. Treasury website www.ustreas.gov.

Comments were due June 25, 2004.

continued on page 4



Who and What: Chairman JoAnn Johnson will address the NAFCU 37th Annual Conference and Exhibition.
When: Thursday, July 15, 2004
Where: Vancouver Convention and Exhibition Center, B.C., Canada
Why: Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Who and What: Board Member Debbie Matz will address the NAFCU 37th Annual Conference & Exhibition.
When: Friday, July 16, 2004
Where: Vancouver Convention and Exhibition Center, B.C., Canada
Why: Board Member Matz will present best practices and ideas to inspire federal credit unions to grow even stronger in the future.
Contact: Patty Jenkins at 703-518-6318 or pjenkins@ncua.gov.

Who and What: Board Member Debbie Matz will address NCUA's Access Across America Economic Empowerment Summit.
When: Tuesday, July 20, 2004
Where: Four Points Sheraton Hotel, Milwaukee, Wis.
Why: Board Member Matz will help open the summit to connect credit unions with potential partners who can offer innovative programs to current and potential members most in need of affordable financial services.
Contact: Patty Jenkins at 703-518-6318 or pjenkins@ncua.gov.

Who and What: Chairman JoAnn Johnson will address NCUA's Access Across America Economic Empowerment Summit.
When: Wednesday, July 21, 2004

Where: Four Points Sheraton Hotel, Milwaukee, Wis.
Why: Chairman Johnson will discuss the success of Access Across America initiatives.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Who and What: Chairman JoAnn Johnson will address the NCUA 2004 Regional Conference.
When: Tuesday, July 27, 2004
Where: Hyatt Regency, Garden Grove, Calif.
Why: Chairman Johnson will provide agency staff from the Western half of the country with an update on current issues.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Who and What: Board Member Debbie Matz will address the NCUA 2004 Regional Conference.
When: Tuesday, July 27, 2004
Where: Hyatt Regency, Garden Grove, Calif.
Why: Board Member Matz will discuss the agency's role in helping address the major issues facing credit unions with agency staff from the Western half of the country.
Contact: Patty Jenkins at 703-518-6318 or pjenkins@ncua.gov.

Who and What: Chairman JoAnn Johnson will address the American Association of Credit Union Leagues Annual Meeting.
When: Friday, July 30, 2004
Where: Nassau, Bahamas
Why: Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Who and What: Chairman JoAnn Johnson will address the World Council of Credit Unions Leadership Institute.
When: Monday, August 2, 2004
Where: Nassau, Bahamas
Why: Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Who and What: Board Member Debbie Matz will address the NCUA 2004 Regional Conference.
When: Tuesday, August 3, 2004

Where: Fairmont Hotel, New Orleans, La.
Why: Board Member Matz will discuss the agency's role in helping to address the major issues facing credit unions with agency staff from the Eastern half of the country.
Contact: Patty Jenkins at 703-518-6318 or pjenkins@ncua.gov.

Who and What: Chairman JoAnn Johnson will address the NCUA 2004 Regional Conference.
When: Wednesday, Aug. 4, 2004
Where: Fairmont Hotel, New Orleans, La.
Why: Chairman Johnson will provide agency staff from the Eastern half of the country with an update on current issues.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Who and What: Chairman JoAnn Johnson will participate in SAC Federal Credit Union branch opening ceremonies.
When: Friday, Aug. 6, 2004
Where: Council Bluffs, Iowa.
Why: Chairman Johnson will participate in the opening ceremonies.
Contact: Heather Graham at 703-518-6309 or hgraham@ncua.gov.

Board actions

continued from page 3

Safeguarding disposal of consumer information

The NCUA Board, in concert with fellow financial regulators, issued a proposal that would require federal credit unions to implement controls to ensure proper disposal of consumer information derived from consumer reports in compliance with FACT act requirements.

The proposal would amend NCUA's fair credit reporting rule, Part 717, the security program rule, Part 748, and NCUA's Guidelines for Safeguarding Member Information, Part 748 Appendix A, by requiring federal credit unions to develop, implement and maintain appropriate measures to properly dispose of consumer information in accordance with NCUA information security guidelines. Comments are due July 12, 2004.

Board votes are unanimous unless indicated.

NCUA provides \$80,000 grant

NCUA presented an \$80,000 technical assistance grant to the National Federation of Community Development Credit Unions' CDCU Institute enabling more low-income credit unions to attend comprehensive training to enhance and expand services and add additional low-income members.

NCUA Board Member Debbie Matz announced the grant to CDCU leaders at the Federation's 30th Anniversary Meeting in San Juan, Puerto Rico, June 14.

"Training board members and staff is vital to ensure that CDCUs will not just survive, but thrive in the future," Matz emphasized. "I believe this grant is an investment in the future of credit unions with a valuable mission in the community. Courses taught at the CDCU Institute address many critical training needs; including credit union operations, financial management, compliance, human resources, economic development and community development.

"Most importantly, the CDCU Institute produces results that strengthen credit unions' bottom line. Institute attendees generally increase membership, assets, loan volume, portfolio quality, and net worth," she observed.

continued on page 6



PALS workshop shares mortgages lending successes

200 CU leaders shared ideas to reach new markets, manage risks

As homebuyers struggle to keep up with soaring home prices, 200 credit union leaders attended a Partnering and Leadership Successes (PALS) workshop in Boston June 2 to exchange ideas for making affordable mortgages and managing rising interest rate risks.

"I hope the ideas shared in this workshop will inspire more credit unions to reach new markets and help people from all walks of life achieve the American dream," workshop organizer Board Member Debbie Matz said. "By forming partnerships to leverage resources and share risks, credit unions can build their mortgage market share and find new homebuyers who will become loyal members."

Workshop panelists shared many innovative ideas that have already opened the door for homeownership to members who could not qualify for conventional mortgages, including:

- Partnering with affiliates of the NeighborWorks network to help low-to-moderate income borrowers earn rental income by buying into multi-family, owner-occupied properties. Borrowers receive down payment assistance and counseling on life

skills, financial management and property management, a proven neighborhood revitalization success.

- Partnering with local businesses and Fannie Mae to offer "employer-assisted housing" to inner-city homebuyers.
- Allowing first-time homebuyers to make down payments as low as 3 percent with no closing costs and partnering with local governments to finance the remaining 17 percent down payment with a second mortgage forgivable after 15 years.
- Partnering with the U.S. Department of Agriculture (USDA) to offer 100 percent financing on mortgages in rural areas and reducing credit union risk with USDA guaranteeing 90 percent of each mortgage.

Managing interest rate risks

Experts from NCUA, Fannie Mae, Freddie Mac, the Federal Home Loan Bank of Boston and other advisors offered strategies to manage risks. With the prospect of rapidly rising rates, credit unions were urged to conduct asset/liability management models with shock tests up to 500 basis points. If a test shows more risk than is acceptable under an individual credit union's policy, experts suggested taking one or more actions immediately:

- 1) Sell long-term, fixed-rate loans to the secondary market;
- 2) Lengthen the duration of liabilities by borrowing and/or promoting longer-term savings; and
- 3) Shorten the duration of assets by hedging and/or promoting shorter-term loans.

"We do not want to send the message credit unions should stop making mortgages," Matz told participants. "Credit unions do not need to avoid risks; they need to manage risks. And by managing interest-rate risks, they will free up liquidity to make more mortgages."



June 14, 2004, Puerto Rico — NCUA Board Member Debbie Matz (second from left) presents an \$80,000 credit union training grant to (left-to-right) National Federation of Community Development Credit Unions Executive Director Cliff Rosenthal, Federation Chairwoman Rita Haynes, and Federation Board Members Helen Godfrey and Eunice Rogers.

Hogue named associate Region V director

John S. Hogue was named associate regional director of Operations (ARDO) in Tempe, Arizona, effective June 21, 2004. As



ARDO, Hogue is responsible for managing the regional office divisions of supervision, insurance, special actions and management services.

The NCUA Tempe regional office administers the supervision program for federal credit unions in Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New

Mexico, Oregon, Utah, Washington and Wyoming.

John Hogue joined NCUA as an examiner in Los Angeles, Calif., in May 1983. He became a regional automated specialist in 1987 and was appointed to the position of supervisory examiner in 1988. Hogue served as director of Special Actions for two six-month periods, and in November 2003 he became director of Supervision in the Tempe regional office.

Hogue has received numerous special act awards, was twice named Region VI supervisor of the year and graduated from NCUA's executive development program during his multi-year tenure.

FFIEC issues guidance on information systems

The Federal Financial Institutions Examination Council (FFIEC) has issued a Development and Acquisition booklet, the latest in its series of updated guidance for examiners, financial institutions and technology service providers on the development, acquisition and maintenance of information systems.

The booklet emphasizes the use of standardized policies, detailed plans and well-structured project management techniques when directing project activities and controlling project risks to ensure sound information systems that provide specific functionality, consistent reliability and strong security.

All FFIEC information systems booklets are available electronically at www.ffiec.gov/guides.htm.

Proposed overdraft protection guidance issued

NCUA and fellow Federal Financial Institution Examination Council (FFIEC) members issued proposed guidance to assist insured depository institutions (including credit unions) with responsible disclosure and administration of overdraft protection services in late May.

The proposed guidance addresses concerns about marketing, disclosure and implementation of overdraft protection programs by: 1) seeking to ensure financial institutions adopt adequate policies and procedures to address the credit, operational and other risks associated with overdraft protection services; 2) alerting institutions offering these services to comply with all applicable federal and

state laws; and 3) providing examples of best practices currently observed in, or recommended by the industry.

FFIEC member agencies include the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency and Office of Thrift Supervision.

Link to the proposed guidance at http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html

Comments are due on or before August 6, 2004.

TAG funding

continued from page 5

Since founded in 1999, the Institute has provided training for more than 130 board members and staff from 86 CDCUs in 20 states. The NCUA grant will enable 30 more board members and staff to attend the CDCU Institute free of charge, reimbursing tuition, room and board expenses. Those who also need assistance paying travel expenses may apply to NCUA on a case-by-case basis.

Ms. Matz also encouraged credit unions to apply for grants offered through NCUA's Technical Grant Assistance program. This wide range of grants provides funding for training, mentoring and new services that will benefit low-income members. The program was recently expanded. Now, credit unions, CUSOs and trade associations also can earn grants to provide training and mentoring programs that directly benefit credit unions serving low-income memberships.

Credit union imposters apprehended

One of the two suspects arrested in Canada in mid-June for a multi-million dollar boiler-room scam involving phony U.S. credit unions pleaded guilty and received an 18-month sentence within a week of his arrest. The primary charge results from the fraudulent use of credit union names and was based in part on information provided by NCUA.

NCUA had been working with Canadian authorities for the past 11 months in response to complaints from people in 23 states reporting they were bilked of funds by fraudulent advertisements claiming to be legitimate U.S. credit unions.

Leslie Card, 35, and Kevin Card, 33, both Jamaican nationals, were arrested in Ontario June 10 and booked on 22 felony charges, including defrauding the public in conjunction with operation of the so-called "America's Choice" and "Heartland" credit unions among others. Canadian authorities estimate the scam was averaging \$10,000 per day.

"We have compiled hundreds of documents which prove that perpetrators in Canada advertised in newspapers in 23 states using stolen information from

credit cards for billing and purporting to be credit unions utilizing pre-paid, toll-free 866 telephone lines," said NCUA General Counsel Robert M. Fenner.

Sources indicate these men have been arrested only once in 10 years of defrauding the public. Initially they professed to be Canadian banks and insurance companies, later they became commercial banks in the United States, including Wells Fargo and PrimeAmerica. Beginning 11 months ago, they assumed the names of legitimate U.S. credit unions and NCUA launched an investigation.

In the past 11 months, NCUA has warned credit unions across the country that the fraudulent activity was underway. The agency subpoenaed documents and obtained statements from victims and notified the American Newspaper Association who responded by sending 7,000 letters to publishers and advertising department heads to warn against publishing the ads. NCUA's investigative efforts were conducted by Jerry Poliquin and Jon Canerday of the Office of General Counsel and Federal Investigator David L. Eno.

Johnson testifies

continued from page 1

Specifically, a proposed FASB accounting rule change, expected to be effective Jan. 1, 2006, will require the retained earnings of one credit union be carried over as "acquired equity" rather than retained earnings in a merger. Without a change to redefine net worth, only the retained earnings of the remaining credit union will qualify as net worth after the merger, seriously impacting the institutions post-merger net worth ratio. The resulting lower net worth ratio would adversely impact federal credit union capital standards and may impose prompt corrective action requirements.

Chairman Johnson also recommended a statutory mandated, risk-based PCA system containing a definition of net worth, with NCUA accorded the ability to exclude certain accounts as what qualifies as net worth. She suggested the system also establish a minimum core leverage requirement (net worth in relation to total assets), set by statute for critically undercapitalized and adequately capitalized classifications, and statutory thresholds based on risk-assets defined by the NCUA Board for all net worth classifications. NCUA should be provided authority to set the remaining elements of the risk-based PCA system by regulation to ensure the system remains relevant and up-to-date with emerging trends in credit unions and the marketplace.

Additionally, Chairman Johnson recommended NCUA be provided statutory authority to examine third party vendors that provide data processing and related serves to insured credit unions. The Chairman noted that direct examination authority would provide NCUA parity with other financial regulators and address the suggestion mentioned in the GAO (Government Accounting Office) 2003 report on credit unions.

SEC proposal would benefit credit unions

After lengthy discussions with the NCUA, the Securities and Exchange Commission (SEC) issued a proposal in June that would enable credit unions to enlist a registered broker-dealer to sell securities onsite at the credit union or through the credit union's website and earn a commission without registering with the SEC.

Providing parity with banks and thrifts, the SEC proposal includes three specific areas where credit unions may participate in securities activities without registering as a broker or dealer or complying with SEC requirements placed on brokers and dealers. As proposed, credit unions may –

1. Provide onsite or electronic registered broker services for members and earn a percentage of the resulting commissions.
2. Setup arrangements to sweep member share accounts funds into and out of no-load money market mutual funds.
3. Buy and sell securities for their own accounts and as fiduciaries for their members.

Credit unions are cautioned to consult with qualified legal counsel to determine how the proposed rule changes may affect them. Link to the Regulation B proposal on the SEC website at www.sec.gov/rules/proposed.shtml. Comments are due by August 2, 2004.



Milwaukee Economic Empowerment Summit

Make plans to attend NCUA's Economic Empowerment Summit July 20-21 in Milwaukee, the first in a series of free resource sharing workshops designed to enhance the ability of credit unions to expand financial services to their members.

With a special emphasis on partnering with other agencies and non-profit organizations, this workshop will feature panels of government agencies and potential non-profit partners addressing key topics, including:

- Financial Education
- Homeownership
- Member Business Lending
- Partnership Opportunities for Credit Unions
- Grant Writing
- Serving Underserved Areas

"The summit will bring together public and private sectors to discuss the underlying issues affecting economic empowerment. We plan to provide an

overview of resources available for credit unions to augment their outreach efforts," Chairman JoAnn Johnson said. "NCUA looks forward to facilitating this summit so credit unions in the Midwest may have greater access to resources as they help families achieve the American Dream of financial self-sufficiency."

This program for credit union CEOs, managers and volunteers is the first event held in the Midwest and is free for participants.

Register online at www.ncua.gov. Participants are responsible for their accommodations. The Summit will be held at the Four Points Sheraton Hotel at the Milwaukee Airport, 4747 South Howell Avenue, Milwaukee, WI, 53207, phone 414-481-8000 and e-mail www.fourpointshotel.com.

If you have any questions, feel free to call 703-518-6330 or e-mail AccessAcrossAmerica@ncua.gov.

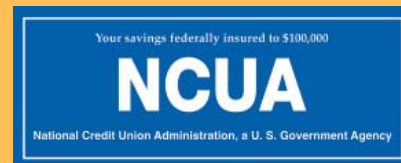


Sharing ideas to reach new members and add new initiatives

Inspired by a wide range of initiatives that have proven successful in attracting new members from all walks of life, two PALs panels of credit union leaders will present initiatives to help credit unions diversify their memberships, diversify their assets and strengthen safety and soundness on the final day of the Credit Union National Association's Future Forum October 27, 2004, in Honolulu, Hawaii. Sign up for the workshop online at www.ncua.gov.



Access the
NCUA website
at
www.ncua.gov



NATIONAL CREDIT UNION ADMINISTRATION
NCUA News

National Credit Union
Administration
1775 Duke Street
Alexandria, VA 22314-3428

PRESORTED
FIRST CLASS MAIL
POSTAGE AND FEES PAID
NCUA
PERMIT No. G-88